

Message Text

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ORIGIN ARA-10

INFO OCT-01 ISO-00 L-03 SSO-00 NSCE-00 USIE-00 INRE-00

SP-02 AID-05 EB-07 NSC-05 CIEP-01 TRSE-00 SS-15

STR-04 OMB-01 CEA-01 CIAE-00 INR-07 NSAE-00 COME-00

PA-01 PRS-01 SAM-01 (ISO) R

DRAFTED BY ARA/CEN:DHCLARE

APPROVED BY ARA/CEN:DLAZAR

L/ARA:MKOZAK

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FM SECSTATE WASHDC

TO AMEMBASSY GUATEMALA IMMEDIATE

C O N F I D E N T I A L STATE 168317

E.O. 11652: N/A

TAGS: PINT, EINV, GT

SUBJECT: WALL STREET JOURNAL STORY REGARDING DEL MONTE
AND GUATEMALA

REFERENCE: GUATEMALA 3672

1. AMBASSADOR MAY WISH TO DRAW UPON FOLLOWING IN RESPONDING
TO CONCERNS CONVEYED BY FOREIGN MINISTER MOLINA ON BEHALF
OF PRESIDENT LAUGERUD:

(A) AS GUATEMALANS AWARE, THERE IS WIDESPREAD INTEREST IN
THE UNITED STATES REGARDING THE OPERATIONS OF U.S. BASED
MULTINATIONAL CORPORATIONS. REPEATED EXPRESSIONS OF CONCERN
OVER ACTIVITIES OF MNC'S BY LATIN AMERICANS IN SOME MEASURE
HAVE HELPED AROUSE THIS INTEREST. INVESTIGATIONS UNDER-
TAKEN BY SECURITIES AND EXCHANGE COMMISSION AND HEARINGS
BY CONGRESSIONAL COMMITTEES SUCH AS SENATOR CHURCH'S ARE
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EVIDENCE OF PREDICTABLE IMPULSE TO VERIFY ALLEGATIONS.

WSJ HAS TAKEN LEAD IN INVESTIGATING THIS SUBJECT AND ITS STORIES HAVE INVOLVED NUMBER OF CORPORATIONS IN NUMBER OF COUNTRIES CIRCLING GLOBE.

(B) MOST WSJ AND OTHER PRESS QUOTE EXPOSES UNQUOTE OF MNC METHODS OF OPERATION HAVE IMPLIED OR ASSERTED VIOLATION OF EITHER U.S. OR LOCAL LAW. IN CASE OF LATTER, ILLEGAL PAYMENTS TO LOCAL GOVERNMENT OFFICIALS HAVE BEEN MENTIONED MOST FREQUENTLY AND IN SOME CASES OFFICIALS HAVE BEEN IDENTIFIED. BY CONTRAST, DEL MONTE STORY FEATURES COMPANY'S STATEMENT THAT IT RECEIVED ASSURANCES NO MONEY PAID TO GOG OFFICIALS AND THAT CONSULTANT'S FEES NOT COMPARABLE TO BRIBES PAID BY OTHER MNC'S IN OTHER COUNTRIES. APPARENTLY WSJ REPORTERS CONDUCTED EXHUASTIVE INVESTIGATION OF CIRCUMSTANCES IN DEL MONTE CASE AND WERE UNABLE ESTABLISH THAT BRIBES OR OTHER ILLEGAL PAYMENTS WERE IN FACT MADE. WE UNDERSTAND THAT WSJ REPORTERS ARE NOT NOW PLANNING TO PUBLISH ANY SECOND CHAPTER IN DEL MONTE STORY BUT WE WOULD EXPECT SOME FOLLOW-UP REPORTING IF REACTION IN GUATEMALA OR U.S. IS NEWSWORTHY.

(C) IT IS NOT FOR USG TO EXPLAIN OR DEFEND MOTIVATIONS OF WSJ IN PUBLISHING STORY OR OF DEL MONTE OFFICIALS IN MAKING STATEMENTS ATTRIBUTED TO THEM. HOWEVER, THERE IS NOTHING THAT SUGGESTS WSJ HAD ANY POLITICAL MOTIVATION IN PUBLISHING IT. WE REGARD IT SIMPLY AS ONE IN SERIES OF ARTICLES WSJ HAS BEEN RUNNING ON PROBLEMS AND METHODS OF OPERATION OF MNC'S. WE READ STATEMENTS ATTRIBUTED TO DEL MONTE OFFICIALS AS TENDING TO ABSOLVE RATHER THAN ACCUSE GOG OFFICIALS OF WRONGDOING. IN ANY EVENT, STATEMENTS APPEAR TO REPRESENT MINIMUM THAT RESPONSIBLE CORPORATE OFFICIALS COULD SAY IN RESPONSE TO LEGITIMATE PRESS INQUIRIES, PUT BY REPORTERS WHO ALREADY HAD PRESENTED FIRM WITH ESSENTIAL FACTS OF STORY. ABSOLUTE REFUSAL TO DISCUSS CASE OR DENIAL OF ESTABLISHED FACTS WOULD PROBABLY HAVE SUGGESTED EFFECT AT COVER-UP WHICH IN FINAL ANALYSIS WOULD BE MORE DAMAGING.

(D) WITH RESPECT TO GOG REQUEST FOR USG ASSISTANCE IN
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OBTAINING FURTHER INFORMATION, YOU MAY STATE THAT USG WAS INVOLVED THROUGH SEC. SEC IS AN INDEPENDENT GOVERNMENT ENTITY WITH SPECIFIC RESPONSIBILITIES AND INVESTIGATIVE AUTHORITY RELATING TO PROTECTION OF U.S. SHAREHOLDERS. SEC INVOLVEMENT WAS AIMED AT DETERMINING IF DEL MONTE SHOULD HAVE BEEN REQUIRED TO ADMSE SHAREHOVDERS THAT PAYMENT TO CONSULTANT HAD BEEN MADE. WE HAVE BEEN INFORMALLY ADVISED BY A KNOWLEDGEABEE OFFICIAL OF THE

SEC THAT HIS AGENCY DOES NOT KNOW IDENTITY OF DEL MONTE
CONSULTANT NOR DOES IT HAVE INFORMATION THAT ANY BRIBE
WAS PAID. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CORRUPTION, PRESS COMMENTS, MULTINATIONAL CORPORATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 17 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE168317
Document Source: CORE
Document Unique ID: 00
Drafter: DHCLARE
Enclosure: DG ALTERED
Executive Order: GS
Errors: N/A
Film Number: D750247-0508
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750746/aaaabpcv.tel
Line Count: 118
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 GUATEMALA 3672
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 09 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 SEP 2003 by izenbei0>; APPROVED <06 NOV 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: WALL STREET JOURNAL STORY REGARDING DEL MONTE AND GUATEMALA
TAGS: PINT, EINV, GT, US, DEL MONTE
To: GUATEMALA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006